



NOTICE OF PUBLIC HEARING PROPOSED CHANGES TO CITY OF SANTA BARBARA WATER RATES FOR FISCAL YEAR 2017

Date: Tuesday, June 14, 2016, 2:00 p.m.

Place: City of Santa Barbara Council Chambers, City Hall
735 Anacapa Street, Santa Barbara

PROPOSED CITY FISCAL YEAR 2017 WATER RATES

You are receiving this Notice because our records indicate that you are a City of Santa Barbara utility customer.
If you are not a City *water* customer, please disregard this Notice.

This Notice describes proposed water rate increases and explains how you can participate in the process. The City's water rate structure is based on a comprehensive rate study that used a rate model to evaluate cost of service, as required by Proposition 218.

Why are water rates increasing?

- This winter's rainfall brought very little water to local reservoirs and the City remains in an extreme and historic drought condition.
- Due to the drought, the City faces increased costs to provide additional water supplied from desalination, ground-water, and supplemental water purchases conveyed through the State Water Project and Lake Cachuma.
- The City relies on its customers for extraordinary conservation measures to preserve remaining water supplies. The proposed rates assume a 35% reduction from normal water use.
- Adjustments to water rates are necessary to generate revenue to pay for increased costs and financial impacts incurred due to extreme drought conditions.

Will the new water rates cover projected costs?

The proposed water rates are not anticipated to cover all projected costs. To minimize water bill increases, the City plans to use approximately \$5 million in reserves to make up the difference between revenue generated and the cost for service, and will postpone capital projects that can be delayed.

How will the proposed changes impact my water bill?

Customers are encouraged to use the online water rate calculator at SantaBarbaraCA.gov/Water to see how the new rates could impact their bill. The table below shows sample water bills for single family homes based on various levels of usage and a 5/8" meter. The table represents the water portion of a utility bill including fixed monthly service charges and volumetric charges which are shown on the next page.

Usage Level	Monthly Usage (HCF)	Existing Bill	Proposed Bill	Difference
Low	4	\$40.29	\$44.06	\$3.77
Moderate	10	\$91.35	\$121.88	\$30.53
High	20	\$216.77	\$296.78	\$80.01

The average single family home uses 9 HCF per month and would see their water bill increase from \$82.84 to \$108.91, reflecting a difference of \$26.07 and an increase of 31%.

Please note, the rates included in this Notice are the highest possible rates that could go into effect July 1, 2016. Should the City's water supply outlook improve or financial situation change, water rates will be re-assessed downward prior to taking effect.

CHECK OUT THE WATER RATE CALCULATOR AT:
WWW.SANTABARBARACA.GOV/WATER

Most water bills are made up of two key components: (1) a volumetric charge based on water usage, and (2) a fixed monthly service charge based on meter size. The City's rate structure is designed in accordance with California Urban Water Conservation Council Best Management Practices, which encourage conservation by limiting the amount of revenue recovered from fixed charges.

TABLE 1 – PROPOSED MAXIMUM VOLUMETRIC CHARGES

All rates are in \$/HCF. (1 HCF [Hundred Cubic Feet]= 748 gallons)

Customer Class	Tiers	Current	Proposed
Single Family Residential	First 4 HCF	\$4.20	\$4.89
	Next 12 HCF	\$8.51	\$12.97
	All other HCF	\$18.59	\$24.27
Multi-Family Residential	First 4 HCF (per dwelling unit)	\$4.20	\$4.89
	Next 4 HCF (per dwelling unit)	\$8.51	\$12.97
	All other HCF	\$18.59	\$24.27
Commercial/Industrial	100% of base allotment	\$6.53	\$7.88
	All other HCF	\$15.24	\$23.94
Irrigation – Residential & Commercial	100% of monthly water budget*	\$8.51	\$12.97
	All other HCF	\$18.59	\$24.27
Irrigation – Recreation/Parks/Schools	100% of monthly water budget*	\$3.70	\$3.77
	All other HCF	\$18.59	\$24.27
Irrigation – Agriculture	100% of monthly water budget*	\$2.43	\$3.42
	All other HCF	\$18.59	\$24.27
Recycled Water	All HCF	\$2.96	\$3.02
Outside City Limits	Percentage of corresponding in-City rates		130%

***What is a Monthly Water Budget?** The monthly water budget for irrigation accounts is a calculation of Tier 1 allotment based on the property's irrigated landscape area and the monthly watering needs of plants.

TABLE 2—PROPOSED MAXIMUM FIXED MONTHLY SERVICE CHARGES

	5/8"	3/4"	1"	1 1/2"	2"	3"	4"	6"	8"	10"
Current	\$23.49	\$34.19	\$55.61	\$109.14	\$173.38	\$376.82	\$676.61	\$1,393.98	\$2,571.74	\$4,070.71
Proposed	\$24.50	\$35.60	\$57.80	\$113.29	\$179.89	\$390.77	\$701.54	\$1,445.18	\$2,666.07	\$4,219.93
Outside City Limits - 130% of corresponding in-City rates										

TABLE 3—PROPOSED MAXIMUM FIXED MONTHLY PRIVATE FIRE SERVICE CHARGES (IF REQUIRED AND APPLICABLE)

	1"	1 1/2"	2"	4"	6"	8"	10"	12"
Current	NA	NA	\$4.67	\$17.31	\$46.04	\$95.59	\$170.12	\$273.42
Proposed	\$2.76	\$3.64	\$5.16	\$19.99	\$53.67	\$111.77	\$199.17	\$320.29
Outside City Limits - 130% of corresponding in-City rates								

How do I protest?

If you wish to protest any of the above increases, please deliver your protest **in writing and signed**, including your name and service address, to the City Clerk of the City of Santa Barbara at 735 Anacapa Street, Santa Barbara, CA, 93101, prior to or during the City Council's consideration of this item on **June 14, 2016**. If you wish to submit your protest during the public hearing, please deliver it to City Staff in the Council Chambers. Protests are public records.

When do the drought rates take effect?

City Council will consider adopting drought rates on **June 21, 2016** (one week after the public hearing). The new rates will be **effective starting July 1, 2016**.

How do I stay informed?

- **Watch** City Council meetings live online at SantaBarbaraCA.gov/CityTV or tune in to City TV Channel 18.
- **Explore** updated information on drought conditions, conservation, and rates at SantaBarbaraCA.gov/Water
- **Contact** City staff at (805) 564-5460. Para información en Español, llame al (805) 564-5342.
- **Attend** City Council meetings; City of Santa Barbara Council Chambers, City Hall, 735 Anacapa St., Santa Barbara.